



## **Tennessee Housing Development Agency**

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**Ted R. Fellman**  
Executive Director

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### **MEMORANDUM**

TO: 2005 Low-Income Housing Tax Credit Carryover Allocation Agreement recipients

FROM: Multifamily Development Division

DATE: April 13, 2006

SUBJECT: 2005 Carryover Qualification Test Documents

In accordance with the requirements of Part X-A and Part X-B-3 of the 2005 THDA Low-Income Housing Tax Credit Qualified Allocation Plan and paragraph 5(a) of the 2005 Low-Income Housing Tax Credit Reservation Notice, the following documents must be completed and returned to THDA no later than Tuesday, May 2, 2006.

**Tennessee Housing Development Agency**  
**2005 Low-Income Housing Tax Credit Program**  
**Accountant's Certification of Carryover Qualification Test**  
(must be submitted on CPA's letterhead)

To \_\_\_\_\_, the General Partner of (owner)  
\_\_\_\_\_, Limited Partnership:

We have audited the accompanying Owner's Certification of Carryover Qualification Test for (owner) as of (date) for (Development). The Owner's Certification of Carryover Qualification Test is the responsibility of (owner). Our responsibility is to express an opinion as to the authenticity of the eligible costs that have been expended to qualify for a Carryover Allocation for Low-Income Housing Tax Credits.

We have conducted an audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Owner's Certification of Carryover Qualification Test is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Owner's Certification of Carryover Qualification Test. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Owner's Certification of Carryover Qualification Test. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Owner's Certification of Carryover Qualification Test has been prepared for the purpose of complying with, and on the basis of the requirements specified in the 2005 Low-Income Housing Tax Credit Qualified Allocation Plan issued by the Tennessee Housing Development Agency. These requirements specify that eligible and qualified development costs include only those costs specified by Section 42 of the Internal Revenue Code of 1986, as amended ("the code").

In our opinion, the Owner's Certification of Carryover Qualification Test for a Carryover Allocation of 2005 Tax Credits presents fairly, in all material respects, the eligible costs expended by (owner) as of (date) for (Development), in conformity with the requirements described above. In our opinion, the eligible costs represent an expenditure of more than ten percent (10%) of the reasonably expected basis of \$(amount) in the project as defined in Section 42(h)(1)(E) of the code.

This report is intended solely for filing by the project owner with the Tennessee Housing Development Agency and is not intended to be used for any other purpose.

\_\_\_\_\_  
CPA

\_\_\_\_\_  
Date

**Tennessee Housing Development Agency  
2005 Low-Income Housing Tax Credit Program  
Owner's Certification of Carryover Qualification Test**

Development name: \_\_\_\_\_ No. bldgs.: \_\_\_\_\_

Address: \_\_\_\_\_

City / State / Zip: \_\_\_\_\_

\_\_\_\_\_(owner) hereby certifies under penalty of perjury that:  
\_\_\_\_\_(owner) is the owner of the real property (the "Development" referred to above) which is expected to be part of the Development and has (have) incurred more than ten percent (10%) of the reasonably expected basis in the Development (land and depreciable basis). \_\_\_\_\_ (owner) has (have) attached a copy of the recorded deed pursuant to which it acquired legal title to the property together with a certified public accountant's written certification.

	Column A Basis @ 5-2-2006	Column B Anticipated Basis @ 12-31-2007
(Sample listing - not all-inclusive)		
1. Land	_____	_____
<i>Items of depreciable basis</i>	_____	_____
2. Building acquisition	_____	_____
3. Structures	_____	_____
4. Land improvement	_____	_____
5. Builder's general overhead	_____	_____
6. Builder's profit	_____	_____
7. Builder's bond premium, letter of credit cost	_____	_____
8. Building permit fee	_____	_____
9. Architect's design fee	_____	_____
10. Architect's inspection fee	_____	_____
11. Legal fees	_____	_____
12. Title insurance fee	_____	_____
13. Recording fee	_____	_____
14. Cost certification fee	_____	_____
15. Property survey fee	_____	_____
16. Property appraisal fee	_____	_____
17. Engineering fee	_____	_____
18. Other (specify)	_____	_____
19. TOTAL (lines 1 through 18)	_____	_____
20. Carryover Qualification Test	<u>Line 19 Column A</u> Line 19 Column B = _____%	

\* Include only eligible cost or portion of eligible cost attributable to residential rental property for the Development. Consult your tax attorney to determine those eligible line items which may be included in the 10% for Carryover Qualification which are eligible under Section 42 of the IRS Code, as amended.

Owner \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_